

HIGH SCHOOL CORE AREA

Economics

Standard ECON-8: The student will demonstrate an understanding of the principles of trade and economic development.

ECON-8.1 Explain the basic principles of international trade, including the worldwide distribution of resources, the concept of absolute and comparative advantages that leads to specialization and trade, and the concepts of balance of trade and balance of payments that are used to measure international trade. (E, G)

Taxonomy Level B 2 Understand /Conceptual Knowledge

Previous knowledge

In first grade (1-2.2) students compared the ways that people use land and natural resources in different settings across the world, including the conservation of natural resources and the actions that may harm the environment. In second grade (2-4.2, 2-5.4) students summarized how nation-states interact with one another in order to conduct trade and identify the relationships between trade and resources both within and among communities, including natural, human, and capital resources. Third grade (3-2.1) students explained the motives behind the exploration of South Carolina by the English, the Spanish, and the French, including the idea of “for king and country.” As well, in fourth grade (4-1.2) students summarized the motivation and accomplishments of the Vikings and the Portuguese, Spanish, English, and French explorers. While fifth grade (5-4.7, 5-6.5) students explained the effects of increasing worldwide economic interdependence following World War II and summarized the changes that have taken place in United States foreign policy since 1992, including the globalization of trade and the war on terrorism.

In sixth grade (6-1.5, 6-6.2) students explained the role of economics in the development of early civilizations, including the significance and geography of trade networks; and compared the incentives of the various European countries to explore and settle new lands. In seventh grade (7-1.6, 7-4.1) students explained the emergence of capitalism, including the significance of mercantilism, a developing market economy, and an expanding international trade; and summarized the economic origins of European imperialism, including the conflicts among European nations as they competed for raw materials and markets and for the establishment of colonies in Africa, Asia, and Oceania. In eighth grade (8-1.6) students explained how South Carolinians used natural, human, and political resources to gain economic prosperity, including trade with Barbados, rice planting, Eliza Lucas Pinckney and indigo planting, the slave trade, and the practice of mercantilism.

In high school (GS-1.2, GS-2.3) students summarized the essential characteristics of Roman civilization and explain their impact today, including the economic structure of Roman trade and labor and the economic, geographic, and social influences of trans-Saharan trade on Africa, including education and the growth of cities. Global studies (GS-4.1, GS-6.4) students also explained the significant political, commercial, and cultural changes that took place in China in

the nineteenth century, including the motivations and effects of China's changing attitudes toward foreign trade and summarized the impact of economic and political interdependence on the world, including efforts to control population growth, economic imbalance and social inequality and efforts to address them, and the significance of the world economy for different nations. In United States History (USHC-5.2) students summarized the factors that influenced the economic growth of the United States and its emergence as an industrial power, including the abundance of natural resources; government support and protection in the form of tariffs, labor policies, and subsidies; and the expansion of international markets associated with industrialization. Students also (USHC-6.1, USHC-10.2) analyzed the development of American expansionism, including the change from isolationism to intervention, the rationales for imperialism based on Social Darwinism and expanding capitalism, and domestic tensions; and summarize key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity.

Future knowledge

While no future knowledge is required, young adults should have a general understanding of the importance of international trade and globalization to the American economy and the average American worker. Many students will work for international companies or will work for companies that engage in international trade. A basic foundation in the principals of trade and resource specialization is essential for young adults to be competitive and informed employees, consumers, and citizens.

It is essential for students to know

It is essential for students to understand that resource and product specialization is the basis for international trade and that the philosophies of Adam Smith and David Ricardo established the foundations of international trade. Students should be able to define absolute and comparative advantage and provide basic calculations of examples of absolute and comparative advantage. Students should also be able to illustrate the concept of comparative advantage using the production possibilities frontiers.

Students should be able to explain and identify how specialization occurs among nations. They should be able to explain what labor, land, and capital intensive specialization means and provide examples of nations that meet these criteria. It is also important for students be able to differentiate between the balance of trade and balance of payments and to explain the significance of these measurements.

It is not essential for students to know

It is not essential for students to know specific statistics related to US trade; however, this knowledge is not detrimental and does not detract from the indicator. For example, students do not need to know major trading partners or the monthly trade deficit but this information is certainly useful as relevant examples. Students also do not need to know the details of international trade agreements, such as the GATT, NAFTA, WTO, and others. In addition, students do not have to understand details of the ongoing debate over the significance of the trade deficit.

Assessment guidelines

Appropriate assessment requires students to ***explain*** the basic principles of international trade; therefore, the primary focus of assessment should be for students to ***compare*** the international trade models of absolute and comparative advantage. However, appropriate assessment should also focus on students ***understanding*** and ***illustration*** of the outcomes of international trade based on comparative advantage, or resource specialization.